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*A Wholly Owned Subsidiary of*

**Pakistan Industrial Credit &  
Investment Corporation Limited (PICIC)**

## Scheme's Information

### PICIC ENERGY FUND (PEF)

<b>Investment Adviser</b>	PICIC Asset Management Company Ltd. 5th Floor, State Life Building No. 1, I.I. Chundrigar Road, Karachi-74000, Pakistan	
<b>Board of Directors of the Investment Adviser</b> (As on March 31, 2007)	Mr. Asadullah Khawaja Mr. A.K.M. Sayeed Mr. Irtiza Husain Major (R) Mohammad Fazal Durrani Mr. Muhammad Ali Khoja Syed Abid Raza	Chairman     Chief Executive
<b>Company Secretary of the Investment Adviser</b>	Mr. Sulaiman S. Mehdi	
<b>Chief Financial Officer of the Investment Adviser</b>	Mr. Zahoor Amanullah	
<b>Audit Committee of the Investment Adviser</b>	Mr. Irtiza Husain Mr. A. K. M. Sayeed Major (R) Mohammad Fazal Durrani Mr. Muhammad Ali Khoja	Chairman
<b>Investment Committee of the Investment Adviser</b>	Mr. A.K.M. Sayeed Mr. Asadullah Khawaja Mr. Muhammad Ali Khoja Syed Abid Raza	Chairman
<b>Human Resource Committee of the Investment Adviser</b>	Major (R) Mohammad Fazal Durrani Mr. A.K.M. Sayeed Mr. Muhammad Ali Khoja Syed Abid Raza	Chairman
<b>Trustee</b>	Central Depository Company of Pakistan Ltd. CDC House, 99-B Block-B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400, Pakistan	
<b>Bankers</b>	PICIC Commercial Bank Limited Habib Metropolitan Bank Limited Bank Al-Falah Limited	
<b>Auditors</b>	M. Yousuf Adil Saleem & Co. Chartered Accountants	
<b>Legal Adviser</b>	Bawaney & Partners	
<b>Registrar and Share Transfer Office</b>	Noble Computer Services (Pvt.) Ltd. 2nd Floor Sohni Center BS 5 & 6, Main Karimabad, Block-4, Federal "B" Area, Karachi-75950 Pakistan. Tel : (021) 6801880-2	

## **DIRECTORS' REPORT**

### **PICIC ENERGY FUND (PEF)**

The Board of Directors of PICIC Asset Management Company Limited, the Investment Adviser of PICIC Energy Fund (PEF) is pleased to present herewith the un-audited financial statements of PEF for the third quarter ended March 31, 2007.

### **PICIC ASSET MANAGEMENT COMPANY LIMITED**

PICIC Asset Management Company Limited is a wholly owned subsidiary of Pakistan Industrial Credit & Investment Corporation Limited (PICIC) with an authorized capital of Rs.5,000 million and paid-up capital of Rs.3,000 million.

### **MARKET REVIEW**

During the quarter under review the KSE-100 Index grew by 12% from 10,041 to 11,272 as compared to 20% in the corresponding period last year. Market capitalization during the period under review grew by 11% from Rs.2.771 trillion to Rs.3.066 trillion as compared to growth of 19% in the corresponding period last year.

During the quarter under review the KSE-100 Index made a High of 11,867 and a Low of 10,041. Average daily volume during the quarter under review stood at 212 million shares as compared to 455 million shares in the corresponding period last year. The total Index Points Movement (IPM) during the quarter stood at 1,826 points as compared to 2,053 points in the corresponding period last year. The IPM in percentage terms stood at 7% during the quarter under review as against 10% in the corresponding period last year.

### **PERFORMANCE OF PEF**

During the quarter under review total income of the fund stood at Rs.2 million as compared to Rs.109 million for the period from January 20, to March 31, 2006 mainly on account of lower realized capital gains and dividend income as compared to the period from January 20, to March 31, 2006. Total expenditure during the quarter ended March 31, 2007 increased to Rs.14 million as compared to Rs.11 million for the period from January 20, to March 31, 2006.

The net loss of the fund for the quarter ended March 31, 2007 stood at Rs.12 million as compared to net profit of Rs.98 million reported for the period from January 20, to March 31, 2006. This translates into loss per certificate of Rs.0.12 for the quarter as compared to earning per certificate of Rs.0.98 for the period from January 20, to March 31, 2006.

The net assets of PICIC Energy Fund (PEF) stood at Rs.1,019 million on June 30, 2006 and Rs.1,032 million on March 31, 2007 and accordingly the net asset value per certificate stood at Rs.10.19 on June 30, 2006 and Rs.10.32 on March 31, 2007.

#### **ACKNOWLEDGEMENT**

Finally, we once again avail this opportunity to thank all our valued certificate holders and correspondents for their continuing patronage and support, the Ministry of Finance, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, other regulatory authorities, financial institutions and the auditors for their consistent guidance and assistance. The Board also wishes to place on record its appreciation for the staff for their unswerving commitment and hard work and to the certificate holders for the trust and confidence reposed in us.

For and on behalf of the Board

Karachi, April 21, 2007

**SYED ABID RAZA**  
(CEO)

**PICIC ENERGY FUND (PEF)**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT MARCH 31, 2007**

	Note	Un-audited March 31, 2007	Audited June 30, 2006
Rupees in '000'			
<b>ASSETS</b>			
Bank balances - deposit accounts		533,234	476,700
Investments - at fair value through profit or loss	4	513,833	481,326
Receivable against sale of investments		68,335	114,852
Dividend receivable		1,800	2,113
Accrued income on bank deposits		3,000	2,900
Security deposits		1,200	200
Preliminary and floatation costs		7,500	9,000
<b>Total Assets</b>		<b>1,128,902</b>	<b>1,087,091</b>
<b>LIABILITIES</b>			
Fee payable to Investment Adviser		23,618	14,293
Preliminary and floatation costs payable to Investment Adviser		9,000	10,000
Fee payable to Trustee		111	105
Fee payable to S.E.C.P.		787	477
Payable against purchase of investments		63,329	42,464
Accrued expenses		552	631
<b>Total Liabilities</b>		<b>97,397</b>	<b>67,970</b>
<b>NET ASSETS</b>		<b>1,031,505</b>	<b>1,019,121</b>
<b>CAPITAL AND RESERVES</b>			
Capital		1,000,000	1,000,000
Unappropriated profit		31,505	19,121
<b>TOTAL CERTIFICATE HOLDERS' FUND</b>		<b>1,031,505</b>	<b>1,019,121</b>
<b>NET ASSET VALUE PER CERTIFICATE (Rupees)</b>		<b>10.32</b>	<b>10.19</b>

The annexed notes from 1 to 9 form an integral part of these financial statements.

*For PICIC Asset Management Company Limited  
(Investment Adviser)*

**Asadullah Khawaja**  
Chairman

**Syed Abid Raza**  
Chief Executive

**Irtiza Husain**  
Director

**PICIC ENERGY FUND (PEF)**  
**INCOME STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

Note	Nine months ended March 31, 2007	Three months ended March 31, 2007	Period from Jan 20, 2006 to March 31, 2006
	Rupees in '000'		
<b>INCOME</b>			
Capital gain on sale of investments - net	29,801	15,380	98,468
Dividend income	27,655	1,800	10,855
Diminution on remeasurement of investments - net	(43,012)	(30,658)	(21,666)
Income from Continuous Funding System	2,107	2,107	-
Return on deposit accounts with banks	36,766	13,853	21,509
	53,317	2,482	109,166
<b>OPERATING EXPENSES</b>			
Fee to Investment Adviser	23,618	7,907	6,505
Fee to Trustee	985	326	258
Fee to S.E.C.P.	787	263	217
Transaction cost	12,522	4,798	3,412
Amortization of preliminary and floatation costs	1,500	500	500
Other expenses	1,521	443	202
	40,933	14,237	11,094
<b>Profit / (Loss) before taxation</b>	12,384	(11,755)	98,072
Taxation	-	-	-
<b>Profit / (Loss) for the period</b>	12,384	(11,755)	98,072
<b>Earnings / (Loss) per certificate (Rupee)</b>			
With diminution on remeasurement of investments	0.12	(0.12)	0.98
Without diminution on remeasurement of investments	0.55	0.19	1.20

The annexed notes from 1 to 9 form an integral part of these financial statements.

**For PICIC Asset Management Company Limited**  
**(Investment Adviser)**

**Asadullah Khawaja**  
Chairman

**Syed Abid Raza**  
Chief Executive

**Irtiza Husain**  
Director

**PICIC ENERGY FUND (PEF)**  
**CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	Nine months ended March 31, 2007	Three months ended March 31, 2007 Rupees in '000'	Period from Jan 20, 2006 to March 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation	12,384	(11,755)	98,072
Adjustments for :			
Capital gain on sale of investments - net	(29,801)	(15,380)	(98,468)
Dividend income	(27,655)	(1,800)	(10,855)
Diminution on remeasurement of investments - net	43,012	30,658	21,666
Amortization of preliminary and floatation costs	1,500	500	500
<b>Operating Cash in/(out) flows before working capital changes</b>	<b>(560)</b>	<b>2,223</b>	<b>10,915</b>
<b>Increase / Decrease in assets / liabilities</b>			
Investments - net	(45,718)	(365,871)	(604,799)
Receivable against sale of investments	46,517	(39,011)	(151,478)
Other Receivable	-	-	(1,800)
Accrued income on bank deposits	(100)	1,000	-
Security deposits	(1,000)	-	(200)
Fee payable to Investment Adviser	9,325	7,907	6,505
Fee payable to Trustee	6	-	115
Fee payable to S.E.C.P.	310	263	217
Payable against purchase of investments	20,865	28,446	58,658
Preliminary and floatation costs payable to Investment Adviser	(1,000)	-	-
Accrued expenses	(79)	296	63
<b>Cash generated from / (used in) operations</b>	<b>28,566</b>	<b>(364,747)</b>	<b>(681,804)</b>
Dividend received	27,968	859	371
<b>Net cash generated from / (used in) operating activities</b>	<b>56,534</b>	<b>(363,888)</b>	<b>(681,433)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of Certificates	-	-	1,000,000
<b>Cash generated from financing activities</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>56,534</b>	<b>(363,888)</b>	<b>318,567</b>
<b>Bank balances at the beginning of the period</b>	<b>476,700</b>	<b>897,122</b>	<b>-</b>
<b>Bank balances at the end of the period</b>	<b>533,234</b>	<b>533,234</b>	<b>318,567</b>

The annexed notes from 1 to 9 form an integral part of these financial statements.

**For PICIC Asset Management Company Limited**  
**(Investment Adviser)**

**Asadullah Khawaja**  
**Chairman**

**Syed Abid Raza**  
**Chief Executive**

**Irtiza Husain**  
**Director**



**PICIC ENERGY FUND (PEF)**  
**STATEMENT OF MOVEMENT IN EQUITY AND RESERVES (UN-AUDITED)**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2007**

	Issued, subscribed and paid up capital	Unappropriated profit  Rupees in '000'	Total
Issue of certificates	1,000,000	-	1,000,000
Profit for the period from January 20, 2006 to March 31, 2006	-	98,072	98,072
<b>Balance as at March 31, 2006</b>	<b>1,000,000</b>	<b>98,072</b>	<b>1,098,072</b>
<b>Balance as at December 31, 2006</b>	<b>1,000,000</b>	<b>43,260</b>	<b>1,043,260</b>
Loss for the three months ended March 31, 2007	-	(11,755)	(11,755)
<b>Balance as at March 31, 2007</b>	<b>1,000,000</b>	<b>31,505</b>	<b>1,031,505</b>
<b>Balance as at June 30, 2006</b>	<b>1,000,000</b>	<b>19,121</b>	<b>1,019,121</b>
Profit for the nine months ended March 31, 2007	-	12,384	12,384
<b>Balance as at March 31, 2007</b>	<b>1,000,000</b>	<b>31,505</b>	<b>1,031,505</b>

The annexed notes from 1 to 9 form an integral part of these financial statements.

*For PICIC Asset Management Company Limited  
(Investment Adviser)*

**Asadullah Khawaja**  
Chairman

**Syed Abid Raza**  
Chief Executive

**Irtiza Husain**  
Director

## PICIC ENERGY FUND (PEF)

### NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED MARCH 31, 2007

#### 1. STATUS AND NATURE OF BUSINESS

PICIC Energy Fund (the Fund) is a closed end scheme established in Pakistan by a Trust Deed executed on March 16, 2005 under the Trust Act, 1882 (11 of 1882) between PICIC Asset Management Company Limited as Investment Adviser and Central Depository Company of Pakistan Limited as Trustee. The Fund is governed under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The registered office of the Fund is situated at Karachi, Pakistan. The certificates of the Fund are listed on all three Stock Exchanges of Pakistan. Principal business of the Fund is to invest in listed equity securities of energy sector with an objective to capture significant return.

#### 2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved International Financial Reporting Standards (IFRS) with limited disclosures based on International Accounting Standard 34, Interim Financial Reporting as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 (the Ordinance), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved IFRS comprise of such International Accounting Standards and IFRS as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance, the Rules, or directives issued by SECP differ with the requirements of IFRS, the requirements of the Ordinance, the Rules and the said directives take precedence.

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of the financial statements for the period ended June 30, 2006.

#### 4. INVESTMENTS - at fair value through profit or loss

The holdings are in the fully paid ordinary shares / certificates of rs. 10/- each.

NAME OF INVESTEE	NUMBER OF SHARES / CERTIFICATES					VALUE OF SHARES / CERTIFICATES			PERCENTAGE IN RELATION TO			
	Opening	Purchases	Bonus / Right	Sales	Closing	Cost	Carrying Value	Market value	Net Assets of the Fund	Investee paid up capital	Total Investment	
<b>REFINERY</b>												
Attock Refinery Limited	150,000	425,000	-	575,000	-	-	-	-	-	-	-	
National Refinery Limited	250,000	125,000	-	375,000	-	-	-	-	-	-	-	
	400,000	550,000	-	950,000	-	-	-	-	-	-	-	
<b>POWER GENERATION &amp; DISTRIBUTION</b>												
Hub Power Company Limited	2,000,000	7,100,000	-	8,850,000	250,000	7,646	7,646	7,238	0.70%	0.02%	1.41%	
Kor Addu Power Company Limited	450,000	2,401,000	-	2,851,000	-	-	-	-	-	-	-	
	2,450,000	9,501,000	-	11,701,000	250,000	7,646	7,646	7,238	0.70%	-	1.41%	
<b>OIL &amp; GAS MARKETING COMPANIES</b>												
Attock Petroleum Limited	90,700	139,800	-	230,500	-	-	-	-	-	-	-	
Pakistan State Oil Limited	250,000	3,876,400	-	4,081,800	44,600	15,934	15,835	15,835	1.54%	0.03%	3.08%	
Sui Southern Gas Co Limited	500,000	14,472,500	-	11,697,500	3,275,000	85,661	85,661	79,582	7.72%	0.49%	15.49%	
Sui Northern Gas Pipeline Limited	-	6,013,500	50,000	4,888,500	1,175,000	94,483	94,483	76,845	7.45%	0.21%	14.96%	
	840,700	24,502,200	50,000	20,898,300	4,494,600	196,078	172,262	16,71%	16.71%	-	33.53%	
<b>OIL &amp; GAS EXPLORING COMPANIES</b>												
Oil & Gas Development Co Limited	500,000	1,354,921	-	10,604,921	1,250,000	151,142	148,500	148,500	14.40%	0.03%	28.90%	
Pakistan Oil Fields Limited	250,000	4,685,400	-	4,585,400	350,000	124,694	124,228	124,228	10.88%	0.18%	21.84%	
Pakistan Petroleum Limited	300,000	10,625,800	-	10,625,800	300,000	77,285	77,285	73,605	7.14%	0.04%	14.32%	
	1,050,000	26,666,121	-	25,816,121	1,900,000	353,121	353,121	334,333	32.42%	-	65.06%	
	<b>March 31, 2007</b>	<b>4,740,700</b>	<b>61,219,321</b>	<b>50,000</b>	<b>59,365,421</b>	<b>6,644,600</b>	<b>556,845</b>	<b>513,833</b>	<b>49.83%</b>	<b>100%</b>		
	<b>June 30, 2006</b>					<b>542,013</b>	<b>542,013</b>	<b>481,326</b>				

	Nine months ended March 31, 2007	Three months ended March 31, 2007 Rupees in '000'	Period from Jan 20, 2006 to March 31, 2006
<b>5. TRANSACTION COST</b>			
Transaction cost associated with - initial recognition of financial asset	7,045	2,675	2,259
Transaction cost associated with - derecognition of financial asset	5,477	2,123	1,153
	<u>12,522</u>	<u>4,798</u>	<u>3,412</u>

**6. TAXATION**

The Fund is exempt from tax under clause 99 of part I of Second Schedule of the Income Tax Ordinance, 2001, subject to the condition that not less than 90% of its accounting income for the year, as reduced by the capital gains whether realized or unrealized, is distributed among its certificate holders. The management intends to avail the tax benefit at the year end.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause II of Part IV of the Second Schedule of the Income Tax Ordinance, 2001.

**7. TRANSACTIONS WITH CONNECTED PERSONS / RELATED PARTIES**

Connected person includes PICIC Asset Management Company being the Investment Adviser of the Fund, Pakistan Industrial Credit and Investment Corporation Limited being the holding company and PICIC Commercial Bank Limited being the company under the common management.

	March 31, 2007 Rupees in '000'	June 30, 2006
<b>PICIC Asset Management Company Limited</b>		
Fee payable to Investment Adviser	<u>23,618</u>	<u>14,293</u>
Preliminary and floatation cost payable to Investment Adviser	<u>9,000</u>	<u>10,000</u>
<b>PICIC Commercial Bank Limited</b>		
Bank balances - deposit account	<u>10</u>	<u>4,000</u>
	Nine months ended March 31, 2007	Period from Jan 20, 2006 to March 31, 2006 Rupees in '000'
<b>PICIC Asset Management Company Limited</b>		
Provision of remuneration to Investment Adviser	<u>23,618</u>	<u>6,505</u>
<b>PICIC Commercial Bank Limited</b>		
Return on bank deposit account	<u>16</u>	<u>-</u>

**8. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on April 21, 2007 by the Board of Directors of the Investment Adviser.

**9. FIGURES**

- 9.1 Figures have been rounded off to the nearest thousand rupees.  
9.2 Comparative figures for March 31, 2006 covered a period from January 20, 2006 to March 31, 2006 in these financial statements as the fund had commenced operations from January 20, 2006.

*For PICIC Asset Management Company Limited  
(Investment Adviser)*

Asadullah Khawaja  
Chairman

Syed Abid Raza  
Chief Executive

Irtiza Husain  
Director